



STATE OF MICHIGAN

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## **Legislative Republicans Preparing Tax Cuts for Michigan's Core Businesses**

*House and Senate working to provide half a billion dollars in tax relief after governor skewers tax deal and leaves businesses in lurch*

**Lansing** - Senate Majority Leader Ken Sikkema and House Speaker Craig DeRoche today announced legislation that will provide half a billion dollars in tax relief for Michigan's core businesses - the manufacturing sector that has been struggling in the state's weakened economy.

It is the first step in many the Legislature is planning for reducing the tax burden on all businesses across the state.

"This state is hemorrhaging jobs and businesses need to know that Michigan is the place where they should be locating and expanding facilities, not closing them," said Sikkema, R-Wyoming. "We must grab every opportunity to show businesses that we mean business; that we are serious about wanting to be their partners in success."

The Legislature is working to provide tax relief for Michigan's job providers despite continuing efforts by the governor to stall tax cuts. This latest package of bills will reduce taxes for Michigan's large manufacturers by more than \$500 million over four years beginning Jan. 1, 2006.

"This tax relief plan will take effect Jan. 1, providing an immediate boost to our economy and sending a signal to manufacturers and workers that Michigan is serious about keeping the thousands of jobs they provide in Michigan," said DeRoche, R-Novi.

Specifically, the legislation will:

- Create a 15-percent refundable personal property tax credit to reduce a firm's Single Business Tax liability, effective Jan. 1, 2006.

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- Establish a 100-percent new investment credit which will be given for personal property taxes paid on property directly related to jobs transferred to Michigan in 2007 and 2008. Transferred jobs are high technology or manufacturing jobs that were located in a different state or country before being moved to this state in the immediately preceding tax year.
- Maintain Delphi's and Visteon's current tax status, protecting them from a massive tax hike at the end of 2005.

"Two of these items are identical to legislation the governor has already signed and the Delphi/Visteon bill is one she has asked for repeatedly," Sikkema said. "This isn't a complex deal or a complicated tangle of tie bars. It's a simple plan with a single purpose: get Michigan working again."

DeRoche agreed with Sikkema that Michigan can't keep reacting to business decisions; it must help businesses make those decisions.

"As major restructuring decisions are made in the weeks and months ahead, Michigan must position itself as a more competitive state in which to do business," DeRoche said. "If we fail to act, we will continue to lead the nation in job loss and that is unacceptable."

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